

Superdinar fails to deliver

By Laura Silber in Belgrade

Serb-led Yugoslavia yesterday introduced a new currency - the "superdinar" - as part of a package of economic measures aimed at stopping hyperinflation and rebuilding the monetary system.

The Yugoslav government, in an attempt to restore confidence, claimed the new dinar would be fully convertible, and backed up by DM500m (£195.5m) in hard currency and gold reserves. It would be pegged at a rate of one German D-Mark.

However, yesterday inhabitants of Belgrade waited in vain for the new banknotes to arrive in the Serbian capital. The payment of pensions was postponed. There was scant hope of converting dinars into hard currency after reports that the procedure would be complicated and take days.

Shopkeepers closed their doors, complaining with the complicated task of introducing two accounting systems.

The economy of the rump Yugoslavia - Serbia and Montenegro - has been devastated after 20 months of United Nations sanctions, nearly three years of war and the collapse of trade between the former Yugoslav republics.

Inflation ran at 1m per cent for December alone. Industrial production has dropped by about 60 per cent in relation to three years ago. Almost half the 2.4m non-agricultural labour force is without jobs. The average monthly wage last year fell to DM10 from DM550 in 1990.

Last autumn, with inflation in the trillions, the government slashed 15 zeros off bank notes in a bid to keep the dinar in use.

Old dinars, which yesterday were trading at 13m for one new dinar, will remain in circulation.

But D-Marks have virtually replaced the national currency, and "markici", the Serbian nickname for pennies, are likely to remain the most treasured commodity.

Belgrade economists said the government's reform programme failed to tackle the economy's main problems, such as the need to cut public spending, subsidies and military spending. Instead it relies on steep tax rises, especially in the tiny private sector, to raise money for the empty state coffers.

The programme will levy a range of new taxes on businesses, which some companies, already hit by UN sanctions, fear will drive them out of business.

Mr Jurij Bejic, an economics professor at Belgrade University, cautioned: "This programme has a chance if the government takes it very seriously and acts very responsibly."

Mr Dantjel Cvjetkovic, an economics professor, said Serbian President Slobodan Milosevic was afraid to shut loss-making factories. "Most workers are idle but are still paid. The state will now be forced to pay social benefits rather than individual businesses."



Warren Christopher answers questions after meeting Alain Juppé (left) yesterday

US pledges backing for Bosnia action

By David Suchan in Paris, Laura Silber in Belgrade and Gillian Tett in London

The US and France yesterday sought to play down divisions in western policy towards Bosnia with a pledge by the US that it would join in possible air strikes in support of United Nations efforts to protect and feed refugees.

After meeting his French opposite number, Mr Alain Juppé, Mr Warren Christopher, the US secretary of state, said: "It is now understood the US is prepared to carry out its commitment at NATO to use air power."

The meeting, which had ostensibly been called to "clarify" the French and US position towards Bosnia, came as confusion over the threatened air strikes threatened to reopen divisions within the alliance over Bosnia.

Two weeks ago the NATO summit had threatened possi-

ble air strikes if UN forces were thwarted in opening the Bosnian airport of Tuzla to aid and in relieving peace-keepers in Srebrenica.

Amid signs that the British, and other NATO members, remained sceptical about the possibility of air strikes, Mr Juppé said: "We are going to try to do this, and if anyone tries to stop us we will use air power."

On the diplomatic front, Mr Juppé also indicated his hope that a stronger US endorsement of the European Union proposal to carve Bosnia into three ethnic regions would increase the chances of it finally being accepted by the warring parties.

The comments came as Britain, France and Canada stepped up their discussions over the possible withdrawal of the United Nations protection forces in Bosnia.

Following the visit by Mr Douglas Hurd, British foreign

secretary, to Bosnia last week, he is to meet Mr Boutros Boutros Ghali, UN secretary general, in New York next Monday, before going on to Washington for discussions with Mr Christopher. It emerged yesterday.

With Mr Hurd still undecided about a possible withdrawal of the British troops serving in Bosnia, Mr Malcolm Rifkind, UK defence minister, will also visit Bosnia.

Meanwhile in Zagreb, General Jean Cot, the outgoing French commander of UN troops in former Yugoslavia, yesterday said reforms were under way to improve peace-keeping and help deliver humanitarian relief. He spoke after swearing in General Sir Michael Rose of Britain as the new deputy in charge of UN troops in Bosnia.

Gen Rose replaced Belgian General Francis Briquemont who declined to renew his contract.

Diplomatic woes complicate Macedonia's reform efforts

Kerin Hope on the many obstacles to viable statehood

Mr Savo Stankovic, Macedonia's leading exporter of printed circuit boards, points to the factory he is having built outside Skopje, the capital: "If things were different, that plant would be on an industrial estate in Greece."

Until two years ago Computronica, Mr Stankovic's company, received most of its orders from Greek electronics suppliers. But after Greece refused to recognise the former Yugoslav republic, on the grounds that its name amounted to a territorial claim on the northern Greek province of Macedonia, his Greek customers "telephoned to say they were under official pressure to stop doing business with Skopje".

"Business was growing so fast I'd planned to apply for incentives offered under the Greek foreign investment law, for manufacturing high-tech products there. Instead, I was questioned by the Greek police during a business trip and then refused a visa."

Because bank loans were not available while Macedonia was struggling for international recognition, Mr Stankovic had to invest his own capital, together with funds provided by German customers, to build the \$6m (£2.4m) plant at home. He says he already has orders worth \$650,000 a month, from Germany and Turkey.

Mr Stankovic's experience underlines how Balkan politics have exacerbated the problems facing Macedonian businesses since the republic broke away from Yugoslavia in 1991. Just as Macedonia was starting the transition to a market econ-

omy, UN sanctions were imposed against Serbia, its main trading partner.

Although Macedonia is now a UN member developing ties with several European Union member states, Greece continues to harass its neighbour, refusing entry to Macedonian passport-holders and delaying shipments of oil and other Skopje-bound goods that come

change in attitude were dashed at the outset, when Prime Minister Andreas Papandreu refused to rule out closing the border with Macedonia.

However, Mr Papandreu has since hinted that Greece may be willing to hold direct talks with Macedonia under UN auspices. Greek officials accept there is little chance of persuading Macedonia to

close to shutting down because of difficulties in exporting. The textile industry is operating at 30 per cent of capacity, according to government officials.

A severe drought cut agricultural output last year by more than 30 per cent and halted exports of early vegetables.

On the advice of the International Monetary Fund, Macedonia took the unusual step of asking for donations from abroad to cover repayment of \$85m in debt owed to the World Bank.

Although the government hoped that Ecu50m (£28m) in aid promised last year by EU member states could be used to cover the debt, only \$20m of that amount has been pledged so far, with the US contributing another \$5m. However, Mr George Soros, the international financier, has come to the rescue, promising the Macedonian government a short-term bridging loan.

The government has already agreed with the IMF on an economic reform programme, in return for a stand-by facility of \$25m this year. Once its World Bank arrears are covered, Macedonia will be eligible for up to \$140m in fresh loans for infrastructure projects.

The best way to revive trade and eventually attract investment, the government says, is to bypass both Greece and Serbia, and build new communications links with Albania, Bulgaria and Turkey. A telecoms project is already under way and inter-government talks on constructing a trans-Balkan highway, from Titina to Istanbul, to include some private sector financing, are to be held in Sofia this month.



through the northern port of Thessaloniki, Macedonia's closest outlet to the sea.

Greece objects not just to Macedonia's name, but to its flag, which carries a sunburst symbol associated with the northern Greek dynasty of Alexander the Great, and its constitution, thought by the Greeks to endorse an expansionist vision of uniting with Greek Macedonia.

The underlying fear is that Greece's Slav-speaking minority, never fully assimilated and with strong ties to Macedonia, could one day adopt a political platform calling for self-determination.

Hopes that Greece's current responsibility as EU president for promoting a common foreign policy would stimulate a

change its name, but are hopeful of pacifying public opinion by winning concessions over the flag and constitution.

Mr Kiro Gligorov, Macedonia's president, has said he is willing to sign an agreement guaranteeing the border with Greece. He adds: "We want to start the dialogue with Greece in New York, under UN sponsorship, and work out a package solution covering all our differences."

Two years of diplomatic and economic isolation have taken a heavy toll, with gross domestic product falling by more than 30 per cent since 1991. Per capita income has dropped by half to less than \$700.

Industrial production is collapsing, with Macedonia's steel and nickel producers both

NEWS IN BRIEF

German state sees inflation rate rise

The inflation rate accelerated in the month to mid-January in North Rhine Westphalia, west Germany's most populous state, rising 0.8 per cent compared with a 0.2 per cent increase in December, writes Christopher Parkes in Frankfurt. However, the annual rate slowed to 3.5 per cent after 3.5 per cent a month earlier, according to provisional figures released yesterday.

Statistics due later this week from three other states are expected to show similar shifts, mainly because of increased fuel taxes and insurance premiums.

Analysts expect preliminary figures for the whole of Germany based on results from the four biggest states to show an annual rate of around 3.5 per cent, compared with 3.7 per cent in December.

Steelmaker to cut 1,100 jobs
Krupp-Hoesch Stahl, Germany's second largest steelmaker, yesterday announced an additional 1,100 redundancies by the end of the year, bringing to 2,800 the number of steel workers due to lose their jobs in 1994, Ariane Genillard reports from Bonn.

The company said it would no longer be able to ease the pain of the new lay-offs with previously used social schemes such as early retirement and retraining programmes.

Italy balance of payments surplus
Italy registered a balance of payments surplus of L2,114bn (\$830m) last year, a substantial turnaround from the L32,548bn deficit in 1992, David Lane reports from Milan.

Figures from the Ufficio Italiano Cambi foreign exchange authority show there were large improvements both on current account and in capital movements. The current account deficit last year was L26,901bn, against L46,288bn in 1992, while the surplus on capital movements more than doubled from L13,690bn to L27,915bn.

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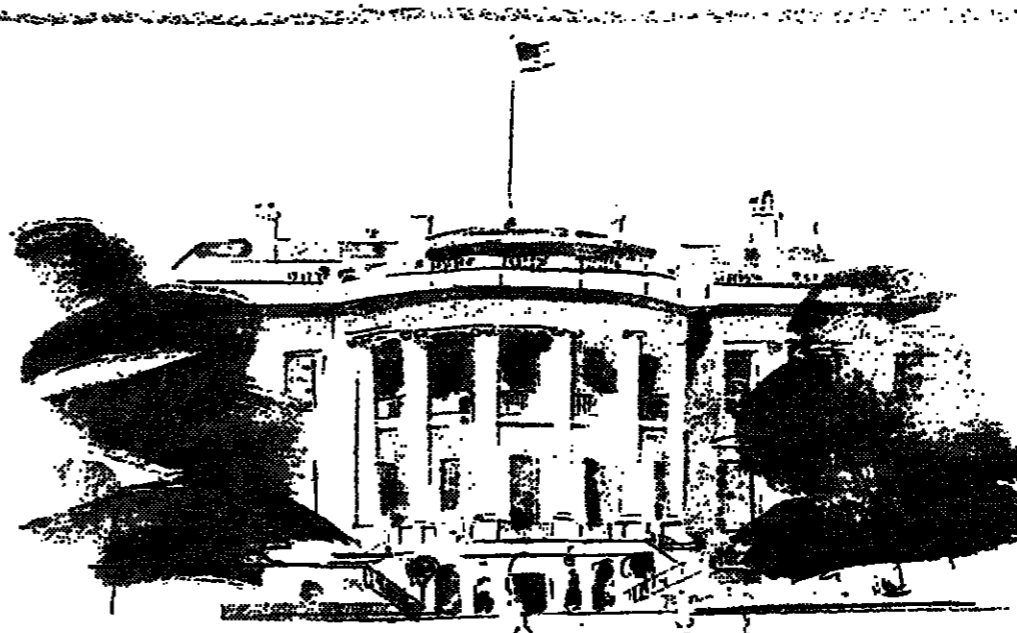
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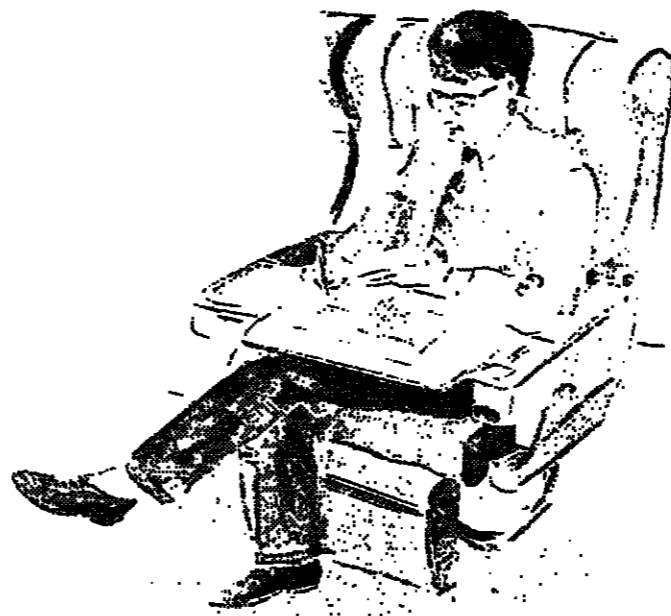
The total capital distribution including six billion shareholders is about \$700m (trillion). At the current annual cash turnover rate of 7 the Bank transfers \$4,900m per year. At 2% of cash transfers bank income is \$98m. Eighty percent (80%) of \$98m carries each one of six billion shareholders \$13,000 a year, 10% (\$9.8m) is invested in ecosystems and 10% pays for communication. The Bank's assets reserve is \$5,300m.

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Chile set to change capital market rules

By David Pilling in Santiago

Long-awaited reforms to Chile's capital markets, due to be discussed by the house of deputies today, are expected to become law by the end of the month.

The reforms, championed by Mr Alejandro Foxley, the outgoing finance minister, seek to broaden options available to Chile's powerful investment institutions and to regulate the stock market more effectively. Deputies will vote on amendments to the bill introduced last week in the Senate intended to expand investment possibilities and to soften some of the bill's regulatory clauses. This is the final stage of a year-long legislative process which has been hostage to party bickering and relentless lobbying of congressmen.

New legislation will allow privatised pension funds (AFPs), which have amassed savings of \$16bn since 1981, to increase their foreign investments and to expand options at home.

The amount AFPs can invest abroad will be raised over four years from the present ceiling of 3 per cent of funds to 12 per cent. The original bill, before senate amendments, envisaged a 10 per cent maximum.

There will also be a 6 per cent floor in an effort to force pension funds to spread their risk. Chileans are obliged by law to invest 10 per cent of their earnings in an AFP.

At home, pension funds will be allowed to buy stock in a broader range of companies and to provide project funding and venture capital. They will also be able to trade in futures and options for hedging purposes.

The number of companies



Mr Alejandro Foxley: championed the reforms

available for AFP investment will be raised from the current 40 or so blue chips to more than 200.

The bill also includes a stiffer regulatory framework to ensure new freedoms are not abused. New rules will be introduced on corporate governance, privileged information, and the independence of AFP directors - though some of these elements were weakened at the senate stage.

Nevertheless, prison sen-

tences are to be introduced for cases relating to the abuse of confidential information. Also, brokerage houses with members represented on the board of a company will be prohibited from dealing in stock of that company.

Together with reforms of the banking sector, also close to becoming law, Mr Foxley said the new law would "permit an enormous impulse towards the modernisation of Chile's financial sector".

Perry may become defence secretary

By George Graham in Washington

President Bill Clinton was expected to nominate deputy US defence secretary Mr William Perry yesterday to take over the top Pentagon post from Mr Les Aspin, taking on a job that Mr Clinton has found difficult filling to his satisfaction.

After asking Mr Aspin to resign, Mr Clinton had named retired Admiral

Bobby Ray Inman as his successor. Before beginning Senate confirmation hearings, Mr Inman last week withdrew his name, claiming a conspiracy of newspaper columnists had driven him out.

Efforts to interest Senator Sam Nunn, chairman of the Senate armed services committee, or former Senator Warren Rudman, a respected Republican expert on defence and budgetary

issues, failed.

Mr Perry, a 66-year-old mathematician, whose role as number two at the Pentagon has centred on management and acquisition issues, had expressed some initial reluctance but apparently agreed yesterday to take the job.

As undersecretary of defence for research and engineering in the Carter administration, he was credited as the chief promoter of Stealth technology.

Before returning to the Pentagon last year he was managing director of Hambricht & Quist, a San Francisco investment banking company, and headed a Silicon Valley consulting firm.

Mr Perry's limited political and foreign policy experience mean he is unlikely to be the answer Mr Clinton has been looking for to tackle the shortcomings in his national security decision-making structures.

Stuck in a nightmare of debt

Pressure is growing on Trinidad and Tobago, writes Canute James

In a clear attempt to prepare for increasing stringency, Trinidad and Tobago's political leaders are being colourfully blunt about the problems of the once-buoyant economy which is facing continued uncertainty, due mainly to the state of the oil market.

"In the same way that to make a cake you have to break an egg, as we move to economic prosperity there is necessarily a period of difficulty," said Mr Patrick Manning, the prime minister.

Mr Wendell Mottley, the finance minister, has confessed to a "major nightmare" with the country's finances, and has asked his countrymen for "patience and sacrifice" while the government tries to massage the stagnant economy.

These are trying times for the oil-dependent, oil-dependent

economy, once as healthy as any in the Caribbean basin, but now suffering from the prolonged lassitude of the international oil market. The government is being forced increasingly towards austerity and fiscal prudence as organised labour, always truculent, is becoming increasingly annoyed.

The cause of Mr Mottley's nightmare is the demand of

servicing the country's foreign debt with reduced income from oil. Trinidad and Tobago's per capita foreign debt, at \$2,418, is higher than most of the more well-known debtor countries.

The English-speaking republic of 1.2m people is a small oil producer, with output averaging 150,000 barrels per day in better times. Each time the oil price falls the economy is further pressurised to meet debt servicing costs - \$808m this year, almost one third of export receipts.

"The implications of the high debt service for economic growth are significant," said Mr Mottley. "In order to free the resources to meet the debt service in this period, this country must cut back on its overall expenditure, both consumption and investment expenditures."

For the 1994 budget, Mr Mottley announced new taxes on petrol, financial services, vehicle transfers and cigarettes, and the extension of a business levy to cover the self-employed. The money is needed to finance expenditure of TT\$7.7bn (\$1.4bn).

The government's handling of the economy and its proposals to create stability have been attacked by its critics. "I

don't see that the budget is going to make a difference," said Mr Basdeo Pandey, leader of the main opposition party.

"It seems to be a continuation of last year. Although the minister mentions that he is aware of what the problems are in the society, he has really not said anything about tackling them in a serious way."

The government, however, is getting support from the business community. The Employers Consultative Council said the government was "courageous" in building on earlier efforts at economic reform, and had presented "a budget of new enlightenment and redefinition of purpose, not a pause for refreshment".

The earlier reforms implemented by Mr Manning's administration included the deregulation of the foreign exchange market in May, when the currency was floated and controls lifted on currency movements.

The government has also been divesting state-owned economic enterprises. It has sold its wholly-owned urea plant and its 51 per cent stake in an ammonia plant to raise money to help service its foreign debt.

Its plan to sack thousands of workers from three state-

owned utility companies has raised the hackles of organised labour, which is also opposed to the divestment of state enterprises. The government claims that the port authority and the public transport and water companies recorded a cumulative loss of TT\$342m in 1992. The state owes public servants about TT\$3bn, which the government says it cannot pay.

The government faces some difficulty in stimulating the economy. Continuing contraction in the petroleum and manufacturing sectors has led the government to a preliminary assessment of economic growth of 1 per cent last year, and a forecast of about the same for this year, following a decline of 1.6 per cent in 1992.

Mr Mottley recently visited financial capitals testing the market for a \$100m Eurobond issue to help meet debt payments, after the success of a similar issue last year.

There are now darker clouds on the horizon. Last month's budget, and the government's economic plans, were predicated on oil prices at \$19 per barrel. The slump in prices since will force the government into more unpopular stringency which is unlikely to end Mr Mottley's nightmare.

US court blow for abortion opposition

The United States Supreme Court ruled yesterday that anti-abortion protesters who block clinics can be sued under the tough US racketeering law. Reuter reports from Washington.

The decision by Chief Justice William Rehnquist overturned a lower court ruling that anti-abortion protesters were not covered by the federal racketeering law.

Judge Rehnquist ruled that the racketeering law does not require proof that the protesters' actions are motivated by an economic purpose.

Anti-abortion groups argued that they were motivated by moral and political reasons and thus were not covered by the law.

The ruling was an important victory for the Clinton administration and also for abortion rights activists, who have long been seeking to use the racketeering law in order to deter the blocking of entrances to clinics and the harassment of employees and women seeking abortions.

Venezuelan banks suffer from large withdrawals

By Joseph Mann in Caracas

Venezuela's banking system, shaken by the failure of Banco Latino this month, is now facing a wave of heavy withdrawals by important clients, bankers said yesterday.

At the end of last week, corporations and wealthy individuals began to make large withdrawals from several commercial banks, and demand for US dollars spiralled to an estimated \$350m-\$500m last Friday, according to some estimates. These figures represent several times the usual daily volumes of dollar sales.

The closing of Latino, the country's second-largest bank, on January 14 had been followed by several days of rela-

tive calm in the Venezuelan financial system.

Heavy withdrawals continued yesterday, bankers said, and demand for dollars remained strong. About 11 of the more than 40 commercial banks are reported on the central bank's "watch list" and have had liquidity problems in recent days.

Most holders of small accounts appear not to have been panicked by the crisis.

The government yesterday began to provide banks suffering from "temporary liquidity problems" with liberal financing under an emergency assistance plan announced last week.

At the same time, officials and representatives of the banking community told the

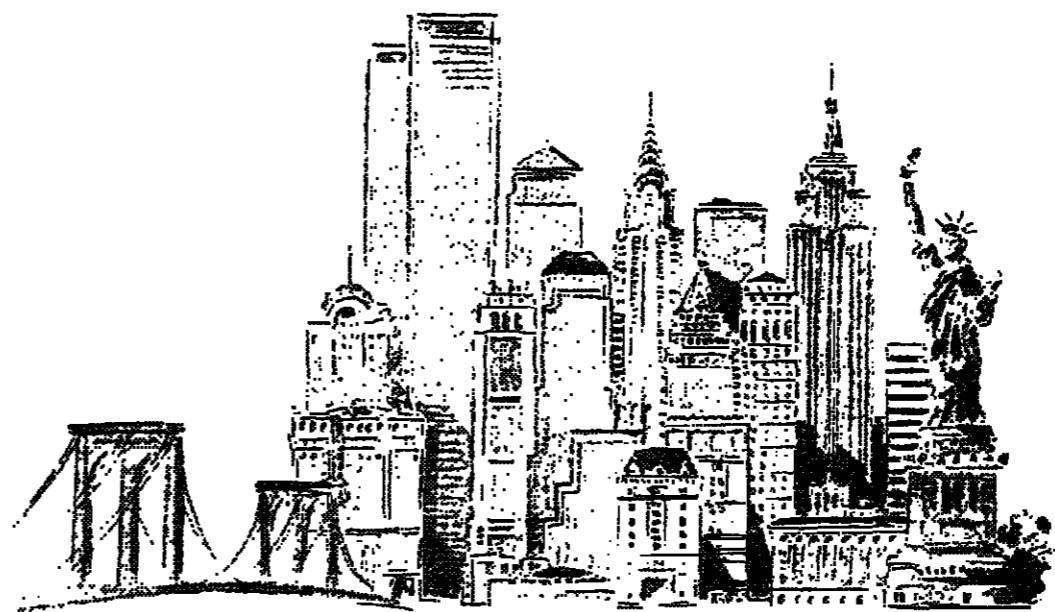
public to ignore rumours and trust the banking system.

Hundreds of account holders at Banco Latino blocked traffic in central Caracas yesterday, demanding immediate payment of their deposits.

The government, which took over Latino on January 16, has issued confusing information on when the bank will reopen and how much depositors will receive initially.

Currently, the plan is to reopen the failed bank today or tomorrow and reimburse clients with deposits of up to \$25.

Many of those protesting were people over 60 years of age, who received a 3 per cent premium on the standard interest rates for their deposits.



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German chemicals giants target China

By Christopher Parkes
in Frankfurt

More than five years after Chinese politicians first talked seriously about opening up their economy, German chemicals companies are at last starting to invest serious money in the People's Republic.

Late last year, for example, Bayer signed an umbrella deal, committing a preliminary \$200m (£135.1m) to half a dozen joint manufacturing ventures and licensing deals to make products ranging from fly sprays and Agfa film to engineering plastics.

It capped the agreement with the establishment of a holding

company in Beijing to take care of central administration and steer negotiations with future joint venture partners.

BASF, making a similar push, is pressing on with further investments in dyestuffs to feed the booming Chinese textiles industry.

A joint venture deal with its 49 per cent partner, Shanghai Dyestuffs, will start production next year. The company is also ready to invest in new capacity to produce monostyrene and polystyrene, suitable for numerous applications in consumer and industrial markets.

The company will sign the joint venture contract early in February.

Mr Jürgen Strube, BASF chairman, is reluctant to discuss the scale of his spending plans, divulging only that the investment would be more than DM100m (£39m).

However, he made the tendency plain late last year when he said that his new medium-term investment programme for the company's chemicals business (excluding gas) allocated 35 per cent of the total to German operations, compared with 45 per cent in the five years to the end of 1993.

Both Bayer and BASF, which already have annual sales of around DM500m each in China, have concluded that political and business conditions make

early investment essential. "Exports from Europe are not economic if you consider them on a full-cost basis," says Mr Strube.

For Eastern chemicals suppliers, such as those in Hong Kong and Singapore, which increased their annual exports into world markets by an average 22 per cent and 17 per cent respectively during the 1980s, are far more conveniently placed.

But China also wants inward investment both to supply its home market and earn foreign exchange. With the likes of Du Pont and Shell busily examining prospective joint-venture partners, the Germans cannot afford to be left behind.

Political uncertainty remains a concern, and continued economic growth at recent rates cannot be assured. But on the basis of market considerations, the time is right to move, says Mr Strube.

"China has the capacity to absorb a huge amount of chemicals. Plant for many of our products requires minimum capacities to be competitive, and it is only in the past two years that demand has reached a scale which makes investment economic," he adds.

Although he refuses to discuss planned polystyrene capacity, he notes that China's current requirements are mostly imported and that there

are almost limitless possibilities for applications in packaging and industrial and consumer products in a developing industrial nation.

However, Mr Strube acknowledges that there are still hurdles to be overcome, including some set up by western industry in the past. "China in the past was always a market where people exported their excess capacity. The competition was very stiff and the Chinese have always been very good entrepreneurs," he says.

"The trouble is they are used to buying chemicals at low prices and they find it very hard to give that up."

BNP takes lead in Hungarian road financing

By Nicholas Denton
in Budapest

Banque Nationale de Paris has syndicated finance for eastern Europe's first concession motorway, designed to connect Hungary to the west European network. Construction began in December on the Ecu 323m (£245m) project.

A consortium led by Transroute International, a subsidiary of the French highway operator, is building 42km of dual carriageway to complete Hungary's M1 motorway between Budapest and the Austrian frontier. There it will link up with Austria's A4 motorway to Vienna.

Completion is scheduled for the end of 1995, in time for the Budapest Expo 1996.

hold 13.9 per cent. Transroute International, the operator, will control only 4.2 per cent; and Strabag, the Austrian building contractor, is the largest shareholder with 21 per cent.

The remainder of the financing will be evenly divided between forint-denominated and international borrowing. The consortium plans to issue forint bonds, stimulating Budapest's capital markets. The BNP has committed \$500m in equity and loan financing.

Completion is scheduled for the end of 1995, in time for the Budapest Expo

Recycling has neighbours crying foul

Ariane Genillard on complaints of cheap waste exports to European countries

When Germans dutifully put their waste paper into the blue bins on their doorsteps, few could imagine that such environmental-mindedness has resulted in a bitter battle of words with their European neighbours.

In 1993, Duales System Deutschland (DSD), the national waste management scheme, collected 4.4m tonnes of used household packaging. Launched in mid-1990, the organisation was set up after parliament adopted a groundbreaking law which imposed collecting and recycling quotas on packaging waste. Within two years DSD had extended its activities to nearly all German households.

"Germans are the master collectors of the world," Mr Klaus Töpfer, federal environment minister and architect of Germany's greenest laws, recently boasted.

But the implementation of the ambitious recycling law has raised hackles in Germany and in the European Union. The problem is that DSD has collected more packaging waste than it can recycle in the

country. So Germany has had to export large quantities of waste.

In 1993 about a third of the 350,000 tonnes of plastic packaging waste collected by DSD was exported to foreign countries. Similar numbers apply to paper and other packaging materials, with the bulk of the exports ending up in France and Britain.

Both these countries, in a colourful adaptation of the terminology of international trade conflict, have indignantly accused Germany of dumping subsidised waste materials in their countries, undermining their recycling arrangements. With too much packaging waste in their hands, German recyclers (which are paid by DSD to recycle the collected waste) have in turn offered foreign companies a high price for taking German waste.

For example, German recyclers are believed to have paid up to DM600 (£236) a tonne to a foreign counterpart to get rid of plastic waste.

The practice has led to decreasing prices for some packaging waste, especially paper, in other European coun-



tries and is hampering the growth of their waste industries.

Britain and France, under pressure from their recycling companies, especially those that do not have contracts with German partners, have argued that Germany's ambitious recycling scheme leads to unfair trade practices because it indirectly subsidises waste exports at the expense of private recyclers abroad.

Germany's waste policies are effectively killing other European recycling schemes which assume that there is a positive price for used packaging waste.

After 18 months of wrangling between members countries and lobbying by the packaging industry, the other European environment ministers outvoted Germany, the Netherlands and Denmark last December on an EU directive on packaging waste.

The directive requires that, within five years, a minimum of 25 per cent of packaging waste, and a maximum of 40 per cent, should be recycled. Within 10 years environment ministers would have to agree to "substantial increases" in these percentages.

The directive amounts to a slap in the face for Germany, whose own recycling quotas are higher than those it lays down. Germany already recycles 66 per cent of its used paper, 55 per cent of glass containers, and 48 per cent of tin cans. Moreover, Germany's recycling law will increase these targets to 70 per cent for these three types of packaging from January 1 1996.

However, according to the

directive, Germany, the Netherlands and Denmark, which also have ambitious recycling targets, will be able to continue meeting their high quotas. But they will have to prove that they have domestic recycling capacity for any amount collected above the EU limits.

Mr Töpfer says he will fight to amend the directive when it goes before the European Parliament. The German Environment Ministry argues that the EU directive on packaging waste "violates the free trade spirit of the EU. It adds that, if the directive was adopted, Germany would bring the matter to court, arguing that the EU treaty allows exceptions for member states in matters relating to the environment.

"Our legal experts are studying the issue right now. Secondary raw material should be traded freely in the European Union and no limits can legally be imposed on such trade," explains Mr Thomas Rummel, adviser at the Bonn Environment Ministry.

Bonn says the issue has been explained by French and British waste management compa-

nies that do not have contracts with DSD and therefore have not received money to take German waste. The ministry says British companies exported 68,673 tonnes of used paper to Germany in 1992 - nearly three times more than German companies exported to Britain.

According to officials at the French embassy, the directive has sparked protests from waste management companies that would lose their contracts with DSD. "Those who were winning before are now crying out," says an official.

But the directive should allow for a harmonisation of waste recycling schemes in other European countries so that distortions can be ironed out. Most other European countries have adopted recycling schemes similar to Germany's (such as the *eco-emballage* system in France) but which are effective on much smaller scales.

In the long term, however, expanding recycling schemes will have to confront the problem of falling prices for waste packaging and falling profits for recyclers.

The Hungarian authorities hope that the progress of the M1 concession will speed up similar tenders for three other motorways to link Budapest with neighbouring countries. Completion of the motorway projects and two toll bridges are expected to involve about \$30m (£20m) in investment.

The Transport Ministry's motorway directorate intends next month to name a preferred bidder for construction of 130km of highway to take the M5 motorway south-east of Budapest towards the Serbian and Romanian borders.

In contention are a partnership of Grands Travaux de Marseille and Transroute, and another French consortium led by Bouygues, the building contractor.

East European countries are faced with budgetary stringency and a pressing need for infrastructural development to stimulate the economy and provide a foundation for new investment.

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India choses operators for radio paging service

By Shiraz Sidhva in New Delhi

India's telecommunications department has chosen 15 companies to operate radio paging services in 27 cities, nearly a year after more than 80 companies bid for licences.

The government's letters of intent to the companies, all joint ventures with foreign partners, mark another step in India's attempts to part-privatise the telecommunications sector.

Formal licences will be issued once the companies accept the terms and pay licence fees and other charges.

The delay in announcing the contracts has been attributed partly to a court action by unsuccessful bidders in last year's award of contracts for cellular networks in Delhi, Bombay, Calcutta and Madras.

and partly to the fact that India's telecommunications policy is still under review.

The government has given some companies as many as 10 licences to operate competing services in big cities. Stearns Telecom and its Indian partner, India Telecom, owned by the Delhi-based Sanjay Dalmia group, has licences for 10 cities, including Bombay, Delhi, Calcutta, Madras and Bangalore.

Hong Kong's Hutchison Max has licences for seven cities, while Arya Communications, associated with Motorola of the US, has two, for Bombay and Bangalore.

Other companies involved in the joint ventures include Fones West of the US, Telecom International of New Zealand, Champion Technology of Hong Kong, Singapore Telecom

International, France Telecom Mobiles, and EasyCall Communications of the Philippines.

As many as three operators, constrained by a stipulation that applicants have a foreign partner which could hold up to 51 per cent of the venture, will compete in 15 cities, including the four largest - Delhi, Bombay, Calcutta and Madras. Customers can be charged no more than Rs150 (£3.19) a month for the service.

In Bombay, the country's most lucrative market, the highest bid was Rs105m over the initial three-year period, which would mean a revenue of Rs430m (£8.9m) for the department from the four companies licensed for that city. Delhi commanded a peak fee of Rs75.6m, followed by Rs45m in Madras and Rs42.3m in Calcutta.

Swedes pick German tank

The Swedish government has chosen the German tank, Leopard 2, for a long-awaited multi-billion krona defence contract, writes Christopher Brown-Humes in Stockholm.

It has ordered 120 in the improved S series and has the option to buy between 160 and 200 second-hand Leopard 2s. A further 80 tanks in the new series may be ordered, but a final decision on this is unlikely before 1997.

Mr Anders Björck, the Swedish defence minister, said yesterday the German tank had been chosen rather than the French Leclerc and the US M1A2 Abrams because it was significantly

cheaper. He added that it had also performed better in trials.

He declined to reveal the value of the contract, although it is believed to be around SKr6bn (£500m). The order is being placed with Krauss Maffel on the basis of significant counter-purchases.

The first tanks will be delivered in October 1996. Most will be assembled in Sweden. Celcius, Sweden's leading defence group, said: "Although it's too early to say what counter-purchases will be involved, it will certainly be worth several billion kronor to us."

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CBI survey underlines steady recovery

By Philip Coggan, Economics Correspondent

The UK economy is improving steadily with few signs of an upsurge in inflation, according to yesterday's Quarterly Industrial Trends survey. The survey endorses recent official data showing a pick-up in output and contradicts more gloomy reports, notably last week's survey by the British Chambers of Commerce.

Positive trends found by the CBI include improved business confidence, an increase in manufacturing

orders and output, and the first sign of an increase in investment in plant and machinery since July 1989.

There also appears to be continued downward pressure on costs, with more manufacturers expecting to cut costs than at any time since the survey was first conducted in 1968.

However, the CBI said it had two main areas of concern about the UK's economic prospects in 1994. The first was the tax increases and government expenditure cuts which "will remove a significant proportion of purchasing power from the economy". The second was the recent appreciation of the

pound "which may well hold back export growth".

Sir David Lees, chairman of the CBI's economic affairs committee, said "the survey alone would not indicate a need to relax monetary policy further". But in view of "the shadow of those tax increases" he thought it would be "necessary and desirable to reduce interest rates".

Business confidence increased for the fifth quarter in succession, according to the survey. The number of companies which were more optimistic about business in general exceeded those which were less opti-

mistic by 27 per cent. This balance, which indicates the trend, compares with plus 1 per cent in October.

Optimism has been fuelled by an increase in output and orders. The balance of companies reporting an increase in manufacturing output was the highest quarterly figure since July 1989.

The CBI forecasts that output will grow by 0.7 per cent in the first quarter of 1994, based on its survey figure showing a balance of plus 16 per cent expecting an increase.

Despite the pound's strength, new export orders appear to have picked

up over the last quarter, and total orders increased at the strongest rate since early 1989.

There are few indications of an inflationary upturn. More manufacturers cut prices than raised them over the past four months - for both domestic goods and for exports.

Companies are on balance planning to increase prices over the next four months, confirming the results of a recent Dun & Bradstreet survey.

However, the CBI survey showed the same price-raising intention in January 1993, and companies proved unable to carry out their plans.

VW to boost component orders with UK

By John Griffiths

Component purchases in the UK by the Volkswagen group could rise to £100m this year, double the level of two years ago, UK-based executives of the German carmaker indicated yesterday.

become an increasingly attractive prospect for VW. This is partly because of cost-competitiveness helped by currency advantages.

The components industry is also thought to have benefited in quality terms from its links with Japanese factories in the UK. These encouraged VW last year to set up a separate components purchasing department at its headquarters at Milton Keynes in Buckinghamshire. This employs nearly 20 people and last year purchases rose to £300m.

VW is making available teams of its engineers to suppliers needing to improve design or other efficiencies.

Germany's other two leading carmakers, BMW and Mercedes-Benz, have also been increasing their components purchases from UK suppliers.

Mercedes was spending only £25m a year with UK suppliers at the end of the 1980s. This rose to £72m in 1991 and is now estimated to be more than £100m. BMW was spending only about £10m a year in the late 1980s but last year this was estimated to have risen to about £50m.

The estimate follows a visit to the UK last week by Mr Jose Ignacio Lopez de Arriortua, VW's controversial purchasing director, where he offered 360 senior executives of the UK's motor components industry the prospect of substantially more business with VW.

Mr Lopez, the former General Motors purchasing director still embroiled in industrial espionage allegations, told a meeting of components companies' executives at Birmingham's National Exhibition Centre that he was hoping for a 10-fold increase in quotations from potential UK suppliers.

VW, engaged in a struggle to cut component costs and improve productivity, has embarked on what Mr Lopez calls a "global sourcing policy" in pursuit of high-quality, low-cost parts.

Supplies from the UK have

Britain in brief



Builders upbeat on outlook

There was more encouraging news for the UK government on the economy yesterday, as the building industry published its most optimistic survey on work prospects for four years.

The Building Employers Confederation said contractors during the final three months of last year had enjoyed the biggest rise in inquiries from potential customers since the beginning of 1989.

Sir Brian Hill, confederation president, said: "If the construction industry is a barometer for the rest of the economy, the underlying trend is encouraging."

Thirty-one per cent of the 600 companies questioned expected to increase output over the next 12 months. This compared with 47 per cent which expected output to remain unchanged, and only 21 per cent which expected workloads to fall further.

Shake-up for business radio

Two of the main business programmes on BBC Radio 4 are to move to the new Radio Five Live news and sports networks due to launch on March 28.

The Financial World Tonight and The Financial Week are moving to the new networks as part of the BBC's expanded financial and business coverage.

Ms Jenny Abramsky, controller of the new network, outlined a draft schedule for the network that will replace Radio 5 - a schedule that includes a early morning one-hour news round-up followed by a 24-hour breakfast programme, a two-hour lunchtime programme and a three-hour early evening programme which will include coverage from all main regional centres in the UK.

Mother wins compensation

A woman turned down for a job after having her CV posted back to her with the words "four-year-old son" written across it won £760 compensation at an industrial tribunal in Southampton yesterday.

The tribunal ruled that Miss Julie Crosbie, a secretary, was sexually discriminated against by the Wilky Group, a construction and civil engineering concern, when she went for a job interview last year.

At the interview Mr Adrian Smith, a divisional director of the company, was said to have formed a "stereotype view" of the unmarried mother and muttered: "This may have a bearing on your application," when she first told him about her son.

Miss Crosbie, of Farnborough, Hants, was interviewed for a secretarial post at the Wilky Group headquarters in Farnborough but she said the interview took a downward trend when she said she had a young child.

Rise in discount retailing seen

Discount retailing, which has made a significant impact on the UK grocery market since 1990, is spreading rapidly into areas such as clothing and household goods, says a report published today by the Corporate Intelligence research group.

It says more than 30 large non-food discounters and many smaller ones - which adopt a low-cost, low-margin approach to enable them to offer the cheapest possible prices - are already operating throughout the UK.

Contractor to shed 400 jobs

Four hundred jobs have been lost from among a workforce of about 550 at some 20 sites run by an electrical and mechanical engineering contractor Kents C&M (UK), based in Sunbury, Surrey.

The company is the British subsidiary of Kents Corporation, based in Clonmel, Ireland, which is in insolvency proceedings in Dublin.

Fall in members' agents at Lloyd's

By Richard Lapper

The number of members' agents at Lloyd's of London has fallen by nearly a third over the past 12 months, signalling continued rationalisation among businesses trading at the insurance market.

Only 46 members' agents - which handle the affairs of the individual Names whose assets have traditionally supported the market - will trade in 1994 compared to 65 last year, figures provided by indemnity Insurance Services (IIS), an insurance broker and specialist Lloyd's advisory company, show. Ten years ago more than 250 separate agencies handled the affairs of Names and allo-

cated them to syndicates, but the number has fallen sharply after losses of more than £50m in the past five years.

IIS predicted that the shake-out will continue. Mr James Stuart, managing director, said: "Additional requirements of professionalism is going to mean continued rationalisation of the members' agents community."

Lloyd's is pressing agents to transfer many of their functions - such as holding Names' deposits - to a new central services unit, run by the Lloyd's Corporation, which administers and regulates the market, as part of moves to increase the market's overall efficiency.

Members' agents are also

under intense legal pressures. Loss-making Names have alleged that the quality of advice provided by many in the 1980s was poor, and have targeted agents in more than a dozen separate legal actions.

Agents have limited insurance cover to protect them and could be crippled if damages are awarded against them.

Already the financial resources of many have been stretched by the cost of contributing some £50m to a £900m proposal which Lloyd's has offered loss-makers in an attempt to settle disputes outside the courts.

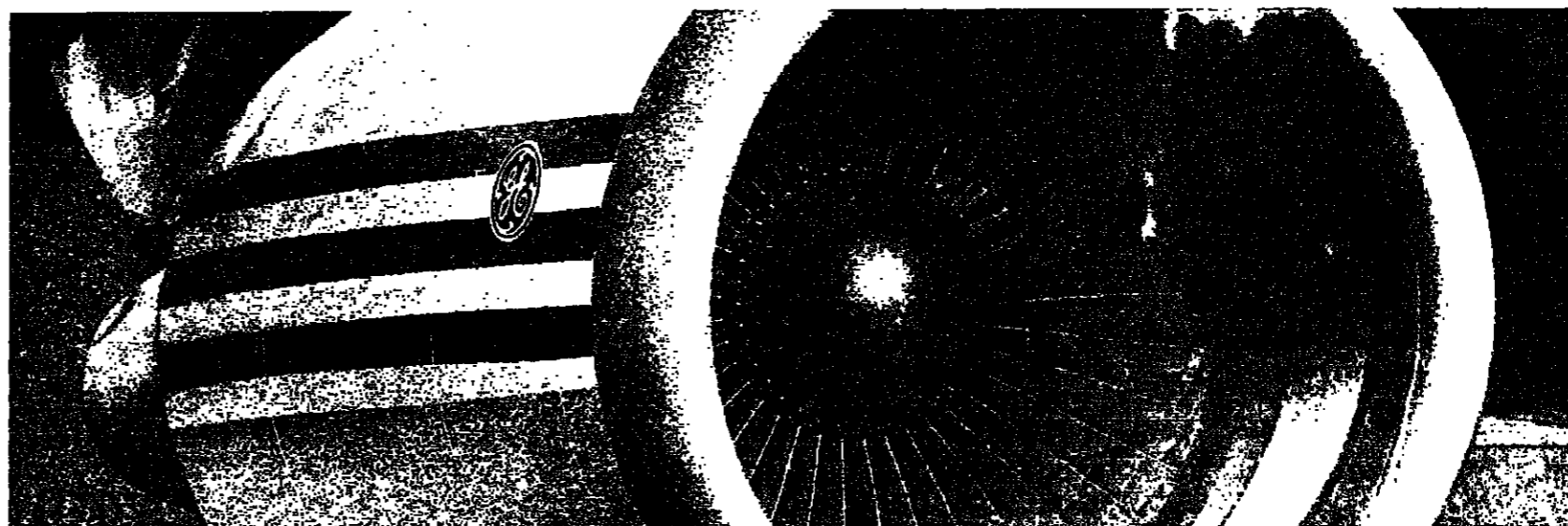
Recognising the difficulties of many agents, last November Lloyd's reduced minimum capi-

tal requirement for agents to the equivalent of three months' running expenses.

IIS also says that the number of Lloyd's syndicates will also shrink in 1994, with 53 of the 228 syndicates active last year, either merging or closing. Four new syndicates will start underwriting in 1994.

Despite the shrinkage in numbers, both individual agents and syndicates will be bigger. Lloyd's capacity - its ability to accept insurance premiums - will rise from £8.7bn in 1993 to at least £10.5bn in 1994, following the attraction of new corporate capital to the market and the decision of many existing Names to increase their commitments.

TWO GIANTS.



These days the Welsh Dragon is a real high flyer since two international giants of the aero engineering industry chose Wales.

British Airways has its new engineering base at Cardiff Airport and recently General Electric (USA) has moved to nearby Nantgarw, where they service aircraft engines for famous names like CFMI, Rolls Royce and Pratt & Whitney.

With more than a little help from the Welsh Development Agency, both companies were not merely able to find the right site,

but also the right people from Wales' skilled and flexible workforce.

The WDA has also assisted in the development of a local supplier infrastructure to ensure vital components are always at hand.

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Robots ration costs

A new robot installation for packing military rations is helping the French army cut costs and could even earn it some money. The FF80m (£6.8m) facility is automated and can respond quickly to sharp increases in demand at times of crisis.

This could make it attractive to other armies and aid organisations, says Colonel Hugues Keller, head of the facility at Angers, south-west France.

With an output of 24 rations per minute, the plant easily satisfies the army's regular annual requirement for 2m rations and could produce two or three times as much.

Developed as part of the army's cost-cutting programme, the facility concentrates the production of military rations on one site. Before, there were two. Also, says Keller, "we have seized the opportunity and installed state-of-the-art technology which will satisfy the needs not only of today's army but also that of the next century".

The robots fill cardboard cartons with the 18 constituents of a soldier's daily food allowance. The 14 possible menus include tinned cooked meals, chocolate bars, chewing gum, packet soup, water purification tablets, dry crackers and paper tissues.

Each package must be put in the right position in the box so it can be closed, sealed and covered in plastic film, ready to be packed for shipment.

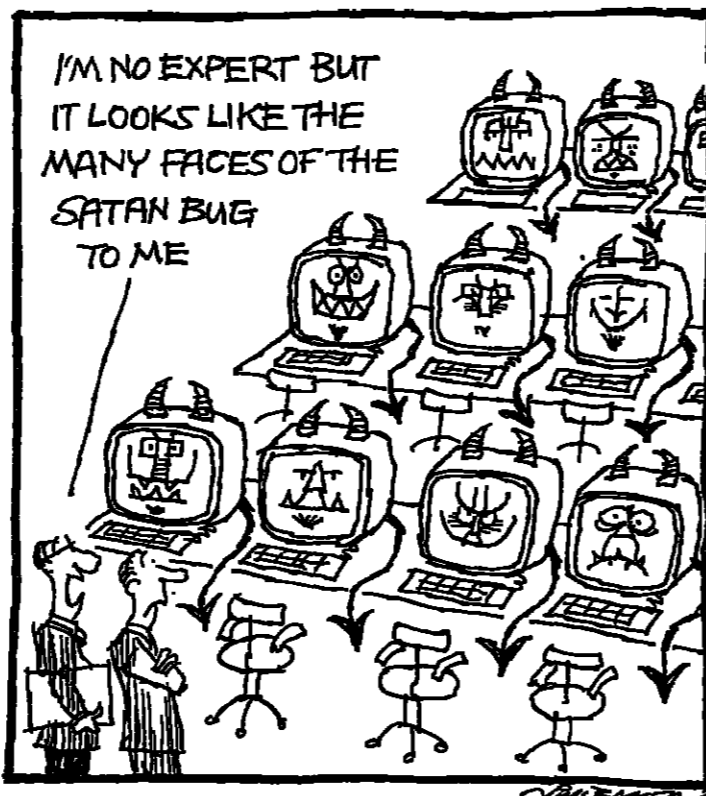
At the centre of the system is a line of nine small robots from Californian manufacturer Adept, each responsible for loading two different components into the cartons from a conveyor.

The larger, more robust items such as the tins are put into the ration carton first. These are removed from their boxes and fed directly to the Adept line, one layer at a time, by three large robots from ABB Robotique France, part of the Swiss-Swedish group. The smaller items are then fed to the Adept robots.

Anna Kochan

Exorcising Satan Bug

A new breed of multiple viruses is threatening PCs, says Tom Foremski



found a very high infection rate among users by the Satan Bug and the whole issue of polymorphic viruses has received more attention than it deserves."

White and his colleagues at IBM have completed several detailed studies of how computer virus infections propagate. They were the first to label the Michaelangelo virus scare two years ago as overblown and correctly predicted that it would not cause much damage.

White points out that PC users face about the same chance of a virus infection as they do of a hard disc failure, so proper backup procedures should be a routine task. To eliminate a virus, users must detect and often erase infected files and then reinstall them from an uninfected backup disk.

This can take several hours for each PC infected. The US Army Corps of Engineers estimates that it

lost more than \$12,000 per hour in trying to exorcise the Satan Bug.

McAfee's latest version of its VirusScan software can detect Satan Bug, but users must delete all infected files.

While Stang says he has developed an anti-virus program that can detect and erase the Satan Bug without requiring users to reinstall infected files, Talsky says polymorphic viruses are more difficult to guard against since they use encryption to hide from virus scanning software. "Polymorphic viruses are algorithm-based so we have to essentially crack their code first and produce algorithms to counter them. Normally, it takes our programmers one hour to modify our software to detect a regular virus, but with a polymorphic virus, it can take us 48 hours to develop software that can detect it."

Researchers at IBM say they are

working on an automatic system to detect and analyse new polymorphic viruses. This will enable a faster response in producing updates of anti-virus software and help slow their spread.

While computer virus experts concede that polymorphic viruses are written by very talented programmers, the developer of the Satan Bug is believed to be a 18-year-old computer enthusiast who uses the pseudonym Hacker4Life. There is no US law prohibiting the writing of a virus program and programmers often post their latest virus creation quite openly on local computer bulletin board systems. There are about 2,500 known PC viruses.

Advancing computer technology could help solve this growing problem. Western Digital, a US company making hard discs, has developed a chip, the Immunizer, designed to monitor system activity and to block any suspicious writing to the hard disc. However, the chip works only with certain newer PCs.

On the software side, companies are developing different types of anti-virus programs that, like the Immunizer chip, monitor what is happening within the PC. If the software detects suspicious activity, it blocks it and flags an alert.

Talsky warns that more polymorphic viruses are coming. While the risk from a PC virus infection is small, there are important safeguards all PC users should adopt. These include using the latest anti-virus software. "We produce new versions of VirusScan every six weeks," says Talsky. "But there are a lot of people using older versions and they won't get the full protection." Any anti-virus software version written before August 1993, is unlikely to offer protection against polymorphic viruses. Users should contact their vendor and update their software.

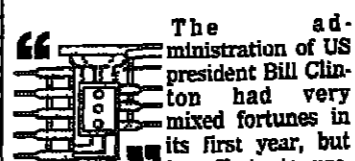
All new software, no matter what its source, must be scanned for viruses. "Most people avoid computer bulletin boards and shareware software, thinking that they might be infected. But most of our calls are from users that have been infected from commercial software, especially demo software disks," says Talsky.

Stang recommends that users with many PCs decide on a computer security strategy. "Some users apply the same security to all their systems. The problem with this approach is that some systems should be better protected while others may not need quite so much protection. If you tell each user that they must spend five to 10 minutes each day scanning for viruses, that translates into a huge cost in terms of staff time over the course of a year. That can turn out to be more expensive than dealing with a virus infection."

Technically Speaking

Clinton's trio of successes

By Deborah Shapley



The administration of US president Bill Clinton had very mixed fortunes in its first year, but its efforts to promote government science and technology programmes were rewarded with three successes. As a result, these now have a better chance of contributing more directly to the US economy.

One important achievement was the administration's work in the last days of the Gatt (General Agreement on Tariffs and Trade) talks to have the draft text revised to allow government-industry research partnerships to proceed largely free of Gatt red tape. Such partnerships are a keystone of Clinton's technology policy, one aim of which is to develop basic research insights into competitive new products.

The 1990 draft text made government subsidies of industry projects liable to retaliatory action. Government subsidies to industry for basic research that were more than 50 per cent of a project's total cost were actionable, as were government subsidies of an industry applied research project for more than 23 per cent of the total.

The Gatt draft text had elaborate requirements for advance notice by those forming such partnerships. Also, other nations could seek penalties through Gatt if they deemed a subsidy hurt their trade.

This draft Gatt text would have made it risky for government officials to sign up industry research, as they do now on a range of scientific and technological projects. It would, for example, have imperilled the National Institute of Health's relationships with biotechnology companies.

Computing the government's share in such projects would have been a nightmare. It would also have been open to dispute, and therefore to trade retaliation, if the Gatt subsidies committee judged the calculation wrong. The prospect of retaliation from other governments if a government-industry partnership invented a pioneering product might even dis-

suade companies from forming such partnerships. In November, science officials confronted US trade officials in a meeting of Clinton's new National Economic Council, and the Gatt text was changed in a last-minute session in Brussels.

The new text exempts all government-industry partnerships formed for undirected basic research. Partnerships for industrial research are exempt if the government share is less than 75 per cent. A new category of "pre-competitive development" subsidies are allowed if the government share is 30 per cent or less.

A second success was the approval of a new National Science and Technology Council in the White House. It will be at a par with the NEC, the National Security Council, and the Domestic Policy Council. Like these it will be a forum to arbitrate conflicting agency positions.

The chairman will be the president, though vice-president Al Gore may effectively be the chairman, while the day-to-day job will probably fall to Jack Gibbons, the president's science adviser.

The council, along with its subcommittees, is to co-ordinate the \$76bn (£51bn) government research and development programme, now spread among dozens of agencies. It will decide how to implement tasks such as basic research, communications and health. Importantly, Clinton wants this new council to decide with the Office of Management and Budget - how funds should be allocated among competing agencies.

Clinton's third achievement was to get Congress to fund his research and technology investments during the wrestling match with Congress over the budget for fiscal 1994. Despite the feverish budget-cutting mood of Congress and Clinton's agreement to cap federal spending for five years, research survived - civilian research even increased.

The president also obtained funds for the technology investments he most wanted: the "clean" car, the data superhighway and global climate research.



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CREATING THE RIGHT CHEMISTRY



COMPANY NEWS: UK

Flotation expected to value MDIS at £250m

By Alan Cane

McDonnell Information Systems, a computing services company based in Hemel Hempstead, is hoping to raise £150m through a long-anticipated full public offering now set for early March.

The company will announce its plans today and publish its prospectus next month. Its merchant bankers are Baring Brothers and its stockbrokers are National Westminster and Wood Mackenzie.

The flotation is expected to value the company at about £250m. The funds will be used to pay down debt incurred when a group of investors led by Baring Capital Investors bought the company last year from McDonnell Douglas, the US aerospace group. Mr Jeremy Causley, chief executive, and 16 of the company's senior managers were involved in the buy-out.

The value of the deal has not been disclosed but according to *Acquisitions Monthly*, which tracks merger and acquisition activity, it was closed for a consideration of about £120m and a total deal package of about £180m.

Mr Causley said yesterday that the rationale behind the flotation was the creation of a debt-free group with the stamp of approval which accrues to a successful public company. He was concerned that lack of a listing might be hampering the group's progress, especially in bidding for large contracts.

MDIS's non-executive chairman is Mr Ian Hay Davison, chairman of Storehouse and Newspaper Publishing and Sir Terry Heiser, former permanent secretary at the Department of the Environment is a non-executive director.

Last year's buy-out created one of the largest UK-owned information technology groups with specific skills in software and services for central and local government, the police, libraries and health care. It



Jeremy Causley: two key decisions behind development

employs some 1,800 people, 1,300 of them in the UK.

For the six months to June 30, pre-tax profits were £5.2m on revenue of £66.5m. MDIS traditionally performs better in the second half of the year and for the full year operating profit is expected to be £2.2m, up 16 per cent on the previous year, on revenues of £148m.

Mr Causley said two key decisions had been crucial to the company's development. First, the decision in the early 1980s to concentrate on niche markets. MDIS now supplies, for example, information systems to two thirds of the UK's police forces and was the first to meet the specifications for the Home Office Large Major Enquiry System (Holmes).

The system, called Micah, is now used in the UK in major incidents such as murder and rape investigations and has been sold to police forces in Australia, Hong Kong and the US.

The company has also supplied computer systems to 85 government organisations and to 170 local authorities.

Second, the decision in 1988 to get out of hardware manufacture, leaving the company free to develop open or industry standard systems using hardware from a variety of suppliers.

The company also markets a software system called PRO-IV designed to make the writing computer programs easier and faster. It has signed a worldwide distribution agreement for the system with Fujitsu of Japan, the world's second largest information technology group.

USM float will put £4.2m tag on CFS

By Paul Taylor

Computerised Financial Solutions, which provides specialised computer support and administrative services to financial institutions and manufacturers, yesterday published its full prospectus ahead of a flotation on the USM which will value the group at £4.23m.

A total of 1.59m shares, including 1.35m new shares, are being placed with institutional investors at 90p each. The shares being placed represent 34 per cent of the group's enlarged share capital.

Mr Alfred Stein, a former Chrysler executive, founded Commercial Inventory Service in 1976 and CIS was acquired earlier this month by CFS, a new holding company.

Following the flotation IBM will hold just under 15 per cent of the enlarged capital and Mr Stein, chief executive, will retain a 40.09 per cent stake. Dealings are expected to begin on February 3.

The placing will raise £220,000 in new funds after expenses, which will be used to repurchase existing preference shares and provide additional working capital.

CFS expects pre-tax profits of not less than £325,000 on turnover of about £3.5m for 1993, producing earnings of not less than 5.42p.

The group has developed sophisticated software which is used by its customers to improve their control of inventory finance and consumer installment financing. The volume of transactions processed through its computer system is worth more than £1.5bn a year.

Maid worth over £100m in impending market debut

By Alan Cane

Market Analysis and Information Database, an online business information services supplier, is planning to raise a minimum of £25m through a listing in the next few months.

The flotation, which is likely to be in the form of a placing and intermediaries offer, is expected to value the company at more than £100m.

Maid Systems was founded in 1988 by Mr Daniel Wagner, aged 30, its chief executive. It is an electronic publisher, offering subscribers a broad range of business information through computer terminals on their desks.

It has contracts with a number of large information providers and competes with services such as Profile, owned by the Financial Times, Mead Data Central of the US and Reuters, the world's largest electronic publisher.

In the year to the end of December 1992, it made profits



Daniel Wagner: planning a number of new products

of £300,000 on turnover of £3.5m.

The company currently offers three core products: Researchline, with 20,000 research reports on 400 market sectors worldwide, Newsline,

with business reports from 4,000 newspapers, magazines and news agencies and Companyline, which is expected to have financial and corporate information on 4.7m companies.

Mr Wagner said yesterday that the company was planning a number of new business information products.

The company said it has 3,500 end-users in 20 countries. Most are in the UK but a client base has been established in the US.

It recently strengthened its management team with the appointment of Mr Tom Teichman as director of corporate development. Mr Teichman was formerly head of corporate finance at BMO Nesbitt Thomson, part of the Bank of Montreal group. Mr Michael Mander, chairman of the Institute of Directors, is Maid's non-executive chairman.

Hill Samuel Bank is sponsoring the flotation and Hoare Govett Corporate Finance is the stockbroker.

J Rothschild Assurance premium income rises

By Alison Smith

A rise of almost 2½ times from £101m to £250m in new premium income at J Rothschild Assurance was largely due to an even sharper increase in new single premium products.

Single premium income advanced from £82.7m to £221.4m, while annual premium income rose by 55 per cent to £28.2m (£18.3m). The company has been in business for only two years.

In both annual and single premium products, there were greater percentage increases in pension than in life premium income. However, life single premiums were the largest component with income of £165.2m.

Sums assured rose by 33 per cent to £1.2bn (£900m), while funds under management increased from £29m to £715m.

Sir Mark Weinberg, chairman, said that the size of the J Rothschild partnership, which comprises the sales force, had grown from 400 to 500 last year, and that much of the rise in new business came from greater productivity.

Country Casuals sells print works

Country Casuals Holdings, the women's wear group, has sold its Dutch textile printing operations for £1.3m (£1m), less £150,000 for staff reorganisation costs.

The printing works are being sold to Lekal Pensioen, a consortium led by Mr HJ Koelers. Net asset value of the Dutch works was £1,522,000 and it incurred losses of £1,278,000 in 1992.

GWR shares respond to sharp upturn in advertising revenue

By Peggy Hollinger

Bullish transmissions on advertising revenues at GWR, the independent radio group which owns 17 per cent of Classic FM, carried the company's shares 1½p higher to 77½p yesterday in spite of a declining market.

Mr Ralph Bernard, chief executive, said both local and national advertising had improved significantly in the last six months. Like for like advertising revenues in the first quarter were running more than 30 per cent ahead of last year.

GWR recently bought four local stations for £15m, but revenues there were just 5.6 per cent ahead. Mr Bernard said the difference with GWR's existing stations represented "immediate potential."

The second half improvement in national advertising was partly responsible for the group's announcement of a 26 per cent rise in pre-tax profits to £213,000 for the year to September 30. Sales were 14 per cent higher at £9.8m.

The dividend is raised by 2p to 9p, via a final of 5p, with earnings up 16 per cent to 18.4p (15.9p).

Mr Bernard said GWR was now reaping the benefits of a decision two years ago to focus on regional advertising, which had been more buoyant during recession.

Classic FM, set up a year ago, now attracted some 4.5m listeners. GWR was now looking to expand further in the UK and in eastern Europe.

GWR had acquired a 49 per cent interest in a Bulgarian radio station which was already returning small profits. Mr Bernard said that in time this could provide a base for expansion in other parts of eastern Europe.

NEWS IN BRIEF

AMINEX, the Irish oil and production company, has received applications in respect of 5.95m new ordinary shares (87.5 per cent) of its 1-for-4 open offer at 89p apiece.

ANGLIA SECURE Homes has reached agreement in principle with its bankers for a reorganisation which will include a rights issue at an expected price of 4p per share.

BROWN & TAWSE Group, the steel and pipes distributor, has sold its Pipe & Tube Group subsidiary to Cobco (114) for £420,000 in cash and the repayment of £2.73m of inter-company debt. For the year to March 28 1993 Pipe & Tube returned pre-tax profits of £190,000 from turnover of £12.4m. Minority shareholders in Cobco (114) include three current Pipe & Tube directors.

DANA EXPLORATION, part of the Dana Corporation, has agreed with TM Oil Production to extend the option period for its acquisition of the company for a further 60 calendar days. The purchase has been delayed for statutory reasons.

DOBSON PARK is buying

Sorensen, an Illinois-based supplier of power supplies, for a total \$4.9m (£3.3m), from Raytheon. In 1993 Sorensen reported an operating loss of \$70,000 on turnover of \$10.7m.

GLYNWED INTERNATIONAL has acquired the distribution business of Excel Equipment. The consideration is about £600,000 cash and the acquisition will add £2m worth of sales to the wholesale catering equipment business of Glynwed Consumer Products.

ORIEL GROUP has reached agreement with Hogg Insurance Brokers for the transfer of certain activities carried out by Oriel's subsidiary, Hayward & Co.

PRIEST (Benjamin), the Midlands engineering group bought by its management from International Marine in May 1983, has acquired Anaco Disc Springs of Oxfordshire and Bellbrook Plastics of Sussex for £1.5m.

SAVILLE GORDON (J) Group has exchanged contracts for the purchase of the Colwyn Centre shopping development at Colwyn Bay, Clwyd, for

£5.5m cash.

SELECT APPOINTMENTS (Holdings) has acquired Swiss Jobs, a Swiss recruitment agency specialising in providing office and industrial staff. Consideration is a nominal Sfr1 (40p) and vendor has agreed to waive about £163,000 out of total currently owed to him by company of £731,000.

TRANSPORT DEVELOPMENT Group has sold its interest in EJ Van Dijk, its Dutch crane hire and haulage subsidiary, to its management for £2.6m.

UPTON & SOUTHERN has been granted High Court approval for the cancellation of the 9.02m reorganisation shares of 24.5p each. The reorganisation shares were not listed and the ordinary shares are unaffected.

YEOMAN INTERNATIONAL Group, Yeoman Holdings, Linklaters & Paines and SG Warburg & Co state that a settlement has been agreed of the legal proceedings arising out of the offers made by Yeoman in December 1988 for CLF Holdings, on terms acceptable to all parties.

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Nippon Steel	5.1m	304	-19	Isuzu Motor	3.5m	396	-30
Hokuriku Bank	3.1m	359	-3	Tokyo Gas	3.3m	513	-25
Oki Elec	5.0m	584	-34	Ito Yokado	3.3m	5,200	-90

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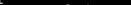
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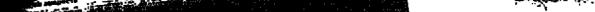
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